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SUBJECT: CODEL SHELBY MEETINGS WITH VP SCIOLI AND FM TAIANA

**¶1.** (U) Summary: Senators Richard Shelby and Paul Sarbanes visited Argentina April 22-24. The Senators' visit was focused on examining GoA cooperation on combating money laundering and terrorism financing but also touched on regional issues and the Argentine economic recovery. The Senators held separate meetings on April 24 with Vice President Daniel Scioli and Foreign Minister Jorge Taiana.  
End Summary.

**¶2.** (SBU) Senate Banking Committee Chairman Richard Shelby and ranking minority member Paul Sarbanes visited Buenos Aires April 22-24. The primary purpose of the visit was to examine Argentine cooperation on combating money laundering and terrorism financing. The Senators also assessed regional issues such as the current political in Bolivia and the scope of Venezuelan influence in the region. In addition to meetings with the Embassy Country Team, the Senators held meetings on Monday April 24 with Argentine Vice President Scioli and Foreign Minister Taiana. The Senators were accompanied by Banking Committee Staff Director Kathleen Casey and Shelby Executive Assistant Anne Caldwell.

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Scioli Meeting  
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**¶3.** (SBU) Following a brief tour of the historic Argentine capitol building, the Senators, accompanied by the Ambassador, met with Vice President Scioli in his Senate office. Scioli opened the meeting with a brief overview of his role and primary objectives in his capacity as president of the Argentine Senate, namely, the strengthening of legislative institutions, community outreach on issues such as biotechnology, biofuels and education, and finally, a strong commitment on promoting legislation to combat money laundering and terrorism financing. Scioli said Argentina was currently in the fourth year of economic growth. The challenge now was to enact needed educational reforms to ensure sustained economic growth in the future. He expressed his gratitude to the U.S. for its help in "difficult times" and thanked the Ambassador for his support in a "complicated" situation where, he said, some want to blame the U.S. for our problems.

**¶4.** (SBU) Senator Shelby noted the primary purpose of their

visit was to learn more about cooperative efforts with Argentina to combat money laundering and terrorism financing.

He expressed his thanks for the cooperation that has already been provided by the GoA, noting that interdicting the financing of terrorist organizations was key to the fight against terrorism. Senator Shelby said he was also interested in pursuing better relations with Argentina and working to build a better economic base in the country.

¶ 15. (SBU) Senator Sarbanes asked Scioli what problems in U.S.-Argentine relations. Scioli replied he did not see problems with U.S. relations, rather opportunities. He said investment levels in Argentina were still far below what was needed for sustained economic growth and that he would like to see U.S. corporations become more involved. He said he believed strongly in regional economic integration and that this process was, indeed, irreversible. Scioli acknowledged there were obstacles to be overcome, particularly in regard to agricultural subsidies, but he believed with democratic governments and fiscal surpluses, Argentina would continue to move forward on integration.

¶ 16. (SBU) Scioli listed several challenges the GoA faced in achieving its economic goals including ensuring legal security, increased competitiveness and fiscal responsibility. He said the Argentine banking sector was improving but still needed the assistance of the U.S. to ensure a solid system. In this regard, he said it was important to raise the awareness of the financial link between drug trafficking and terrorism financing. Senator Shelby concurred, noting that terrorism is not in the interest of commerce. Senator Shelby concluded the meeting, stating that the U.S. and Argentina should build a stronger, better relationship.

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Taiana Meeting  
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¶ 17. (SBU) Following the meeting with the vice president, Codel Shelby proceeded to the Foreign Ministry where they were met by Foreign Minister Taiana; Deputy Foreign Minister Roberto Garcia Moritan; Director of North American Affairs Ambassador Vicente Espeche Gil; and Special Representative for Counterterrorism Ambassador Victor Beauge. Senator Shelby told FM Taiana the Codel was particularly interested in discussing money laundering and terrorism financing but also wanted to discuss how to strengthen political and economic relations with Argentina.

¶ 18. (SBU) Taiana responded saying Argentina was "in the same boat" with the U.S. in its interest in fighting terrorism. He noted that Argentina had experienced international terrorism in 1992 and 1994 with the bombings of the Israeli Embassy and the Argentine-Jewish Cultural Center (AMIA) and that the government still had a debt to society to bring to justice those responsible for the bombings. He said the GoA was pursuing this fight through five specific areas: first, defining very clearly that the fight against terrorism was a GoA priority; second, a concerted effort to collaborate in the fight against terrorism in a multilateral sphere; third, its work in the UNSC and as chairman of the Al Qaeda/Taliban committee; fourth, its work in the OAS counterterrorism committee (CICTE) and in the three-plus-one initiative in the Tri-border region; and fifth, that Argentina has acceded to all international treaties and conventions on terrorism except on nuclear terrorism which has been signed by President Kirchner and is awaiting Congressional approval.

¶ 19. (SBU) Taiana then noted that the fight against terrorism and money laundering is linked to the effectiveness of government and the development of the country. In this regard, Taiana said the current administration had inherited a society with two major negative factors: first, "enormous" tax evasion which gave rise an out of control exchange system, and, second, a large unofficial economy. The FM said the government had made important strides in addressing both of these issues. Another contributing factor, he said, was

the presence of 800,000 to one million illegal immigrants -- 70 percent from neighboring countries -- which needed to be regularized.

¶10. (SBU) Senator Sarbanes asked what efforts the GoA was making to address the issue of Muslim charities in the Tri-border region. Taiana responded that while Argentina has a large Middle Eastern population, the majority are of Lebanese Christian descent. He maintained that the Argentine Muslim community was generally secular but acknowledged there had been "a return to ethnicity" in some portions of the community. Taiana said the Tri-border region was a traditional smuggling area and the most important objective for the GoA was to improve customs and banking controls at the border. Therefore, a top three-plus-one initiative was to train bank workers and public prosecutors.

¶11. (SBU) Senator Shelby asked Taiana if he was concerned by the actions of Venezuelan president Hugo Chavez. Taiana replied he was concerned by the "polarization of discourse" between the U.S. and Venezuela. From a regional perspective, he said it was important to recognize that Chavez had emerged from a political crisis in Venezuela and that this political crisis was repeating itself in other countries. He said Argentina had always had good relations with Venezuela and that Venezuela had always stood by Argentina -- even during the 1982 Falkland/Malvinas war. More recently, Venezuela had been helpful to Argentina in energy matters and by purchasing Argentine bonds. Taiana said he understood U.S. concerns about Chavez but believed that isolating Chavez was not the solution. He maintained it was important to talk with Chavez, giving as an example GoA and Brazilian efforts to bring Venezuela closer to MERCOSUR.

¶12. (SBU) Senator Sarbanes asked Taiana about relations with Bolivia and Chavez' influence in that country. Without commenting on Chavez, Taiana said the objective of the GoA was to ensure that Bolivian president Evo Morales does well as failure could have serious consequences both in Bolivia and regionally. He said the Bolivian leadership has very little government experience, noting that the president of the Bolivian senate was an illegal worker in Argentina nine years ago. He said the GoA was working directly with the Bolivian government on health issues and was negotiating on the price of natural gas supplies.

¶13. (U) This cable was cleared by CODEL Shelby.  
GUTIERREZ